

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (2/9):
BUTTER: Grade AA closed at \$1.3200. The weekly average for Grade AA is \$1.3142 (-.0166).

CHEESE: Barrels closed at \$1.2000 and blocks at \$1.1600. The weekly average for barrels is \$1.1880 (+.0580) and blocks, \$1.1480 (+.0470).

NONFAT DRY MILK: Extra Grade and Grade A closed at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0300 (N.C.).

BUTTER: The butter market tone remains unsettled. Butter supplies are more than adequate for the current, slow to fair demand. Churning schedules across the country are seasonally active and, in most instances, production is exceeding demand. Many producers and handlers are questioning if they should sell their cream volumes or churn and build inventories. During 2000, butter production in the United States totaled 1.3 billion pounds, 2.3% more than the previous year.

CHEESE: The cheese market is firmer. Prices of both blocks and barrels at the Chicago Mercantile Exchange cash cheese market are higher than a week ago. Barrels and mozzarella are generally tight with natural American offerings at least adequate for needs. During the week of February 5 - 9, CCC purchased 150,190 pounds of Western barrels and 39,600 pounds of Midwest process. Estimated calendar year 2000 U.S. cheddar cheese output (adjusted to 28 days in February) totaled 2.876 billion pounds, up 59.5 million pounds (2.1%) from 1999. Total cheese production in 2000 totaled 8.241 billion pounds, up 297.4 million pounds (3.7%) from a year earlier. Both production estimates for the month of December 2000 were below year ago levels, -3.6% and -2.2%, respectively.

FLUID MILK: Milk production is steady to slightly higher in the Northeast and Upper Midwest, increasing across the southern portion of the country, and steady to lower in the Pacific Northwest and the Mountain States. Fluid milk supplies are tighter than expected east of the Mississippi and many manufacturing plants are operating at less than desired levels. This prolonged period of light receipts is becoming a concern to some operators. The fluid cream market isn't quite as strong as it has been. More cream is available in all areas of the country and demand is about steady. Last week's District Court ruling that halted the implementation of the Class III butterfat price in Federal milk orders has had an impact on the fluid cream and anhydrous butterfat markets.

DRY PRODUCTS: The NDM market is little changed despite some adjustments lower in prices. Production levels are light in the East and Midwest, moderate to heavy in the West. Demand is generally fair and clearances to CCC from the Midwest and West continue. The dry whey market is showing moresigns of weakening in the Midwest and West; steady in the East where

producer stocks seem to be in the tightest position. Demand is mostly for immediate needs. The WPC market is firm. Stocks are tight and demand for 34% protein is strong. The high energy/operating costs are an ongoing factor in production decisions. Passing along these growing costs is meeting resistance from buyers in both the dry and fluid product markets.

CCC: During the week of February 5 - 9, CCC purchased 9,936,033 pounds of Midwest and Western nonfortified NDM, 39,600 pounds of Midwest process, and 150,190 pounds of Midwest barrels. They also received cancellations amounting to 362,092 pounds of previously offered Western NDM.

DECEMBER 2000 DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 115.9 million pounds in December, 3.3% below December 1999 but 10.2% above November 2000. American type cheese production totaled 299.4 million pounds, 3.3% below December 1999 but 5.5% above November 2000. Total cheese output (excluding cottage cheese) was 690.0 million pounds, 2.2% below December 1999 but 2.7% above November 2000. Production of human food, nonfat dry milk totaled 119.0 million pounds, 5.6% below December 1999 but 20.3 above November 2000. Production of dry whey for human food, was 87.1 million pounds, 7.7% below December 1999 but 8.4% above November 2000.

JANUARY 1 MILK COW INVENTORY SUMMARY (NASS): The number of milk cows in the United States as of January 1, 2001, totaled 9.20 million head, up slightly from 2000 and 1% above 1999. Milk cow replacement heifers totaled 4.05 million head, up 1% from 2000 but slightly down from 1999. On January 1, 2001, the number of milk cow replacements per 100 milk cows was 44.0, up from 43.5 on January 1, 2000, but down from 44.6 on January 1, 1999.

MAILBOX MILK PRICES FOR SEPTEMBER 2000 (DAIRY PROGRAMS): In September 2000, mailbox milk prices reported for selected Federal milk orders averaged \$12.68 per cwt., \$0.37 more than the figure for the previous month. Compared to September 1999, mailbox milk prices, on average, decreased \$2.81 per cwt.

FEBRUARY MILK SUPPLY AND DEMAND ESTIMATES (WAOB): Milk production projections for 2000/01 are lowered this month as the Cattle report indicates that dairy cow numbers on January 1, 2001, were lower than expected. Recent data also showed lower than expected milk output per cow in December. Slower growth in milk production, coupled with a change in the Class III price calculation, results in a 15-cent increase in the forecast Class III price. The Class IV price is raised 15 cents to \$11.90 to \$12.60 per cwt. The all milk price is raised 20 cents per cwt.

****SPECIALS THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY FEBRUARY 5	TUESDAY FEBRUARY 6	WEDNESDAY FEBRUARY 7	THURSDAY FEBRUARY 8	FRIDAY FEBRUARY 9	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.1600 (+.0100)	\$1.1800 (+.0200)	\$1.2000 (+.0200)	\$1.2000 (N.C.)	\$1.2000 (N.C.)	+.0500	\$1.1880 (+.0580)
40# BLOCKS	\$1.1200 (+.0150)	\$1.1400 (+.0200)	\$1.1600 (+.0200)	\$1.1600 (N.C.)	\$1.1600 (N.C.)	+.0550	\$1.1480 (+.0470)
BUTTER GRADE AA	\$1.3100 (+.0075)	----	\$1.3125 (+.0025)	----	\$1.3200 (+.0075)	+.0175	\$1.3142 (-.0166)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are no longer reported here. Extra Grade and Grade A prices are \$1.0300. They last changed 9/1999. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, FEBRUARY 5, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1600; 1 CAR 40#BLOCKS @ \$1.1200; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.3000; BIDS UNFILLED: 9 CARS GRADE AA: 1 @ \$1.3100, 1 @ \$1.3025, 1 @ \$1.3000, 1 @ \$1.2900, 1 @ \$1.2825, 4 @ \$1.2800; OFFERS UNCOVERED: NONE

TUESDAY, FEBRUARY 6, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1800; 1 CAR 40#BLOCKS @ \$1.1400; OFFERS UNCOVERED: NONE

WEDNESDAY, FEBRUARY 7, 2001

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.1500; BIDS UNFILLED: 1 CAR BARRELS @ \$1.2000; 1 CAR 40# BLOCKS @ \$1.1600; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: NONE; BIDS UNFILLED: 5 CARS GRADE AA: 2 @ \$1.3125, 1 @ \$1.3000, 1 @ \$1.2800, 1 @ \$1.2600; OFFERS UNCOVERED: NONE

THURSDAY, FEBRUARY 8, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1800

FRIDAY, FEBRUARY 9, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1700
 BUTTER -- SALES: NONE; BIDS UNFILLED: 5 CARS GRADE AA: 1 @ \$1.3200, 1 @ \$1.3150, 1 @ \$1.3000, 1 @ \$1.2800, 1 @ \$1.2600; OFFERS UNCOVERED: NONE

Dairy Market News will resume reporting of CME nonfat dry milk sales, bids, and offers, should trading activity occur.

BUTTER MARKETS**DECEMBER BUTTER PRODUCTION**

During December 2000, butter production in the United States totaled 115.9 million pounds, 3.3% less than December 1999 but 10.2% more than November 2000. The following are percentage changes from December 1999 for various states: CA -6.9%, MN -17.5%, NY -39.8%, PA +0.2%, WA +16.6%, and WI -5.5%.

NORTHEAST

The market tone remains unsettled. At the CME, butter prices decreased late last week only to increase fractionally during Monday's (2/5) trading. Following the District Court ruling enjoining USDA from implementing the Class III butterfat price in Federal milk orders, some contacts felt that more cream would find its way to the churns which, in turn, would temper prices. Supposedly, this additional cream was moving into anhydrous butterfat production. Butter supplies are more than adequate for the current, slow to fair demand. Retail sales are just fair except when featured and food service orders are steady. During December, production of butter in the North Atlantic region totaled 15.1 million pounds, 0.5% above a year ago and 8.6% more than November 2000. Sales of bulk butter, f.o.b. East, are reported in a range of 2.5 – 6.5 cents over the CME price/average.

CENTRAL

Midwestern butter markets remain unsettled. Producers, handlers, and buyers continue to question why prices are as high as they are on a cash basis. Many are

stating that at least the price level has not fluctuated as drastically as in past weeks. Churning schedules continue to be reported as seasonally active. Cream offerings to local butter operations are sufficient to the point that Midwestern butter operations can pick and chose to what extent they want to operate. In most instances, butter producers are taking advantage of available cream offerings. Current production continues to outpace demand, thus inventories are building. Current demand is fair at best with most buyers placing orders for short term or replacement needs only. Bulk butter is available for spot sale with prices ranging from 1 to 3 cents over various pricing bases.

WEST

Butter prices at the CME continue to gyrate within a narrow range. More buyers seem to be using the CME as a place to source butter. Sales of bulk butter within the Western region and to other areas of the country are lighter. Print sales are good for retail and food service orders. Cream demand is mixed. Many believe that the court ruling last week should stimulate some additional interest in butter. Western butter production during December was down 2.0% from a year earlier at 48.7 million pounds. Cumulative butter output for the year for the U.S. stands at 1.30 billion pounds, up 2.3% from 1999. CME weekly butter stocks stand at 40.2 million pounds, up 30.5 million pounds from the beginning of the year. Stocks trail last year at this time by 13.2 million pounds. Current prices for bulk butter nominally range from 4 cents under to flat market based on the CME with various time frames and averages involved.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
FEBRUARY 3	1.0898 5,497,779	1.0943 9,570,741	1.0160 18,505,661	1.2865 3,468,464	0.2505 6,349,092

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are mixed. Process items are nearly four cents higher while natural cheddar styles and muenster are a penny lower. The market tone is still unsettled. Nationally, December cheese output is below year ago levels, but above month earlier levels. However, total cheese production in the North Atlantic region does show declines from both last December and November 2000. In the Atlantic region, Cheddar, American, and mozzarella output posted drops from December 1999, while showing gains over November's output. Currently, surplus milk supplies are tight in the Northeast and most cheese makers are operating below anticipated levels. Mozzarella continues to clear well and producer stocks are well balanced. Cheddar sales are just fair and not moving as well as expected. Quite a bit continues to be put into aging programs, but there is only so much that needs to be put away. Retail and food service orders are steady and mostly for weekly replacement volumes.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1450-1.6150
Cheddar Single Daisies	:	1.1025-1.5625
Cheddar 40# Block	:	1.2425-1.4225
Process 5# Loaf	:	1.3400-1.5125
Process 5# Sliced	:	1.3600-1.6150
Muenster	:	1.3050-1.5125
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is firmer, aided by the perception of tighter cheese supplies. This perception is bolstered by the below year ago U.S. cheese production estimates for December 2000. Both the barrel and block cash market prices at the Chicago Mercantile Exchange have increased above the comparable CCC purchase price. Barrels remain in the firmer position, as process sales are being stimulated by fast food promotions. The inverted price spread (barrels higher than blocks) may continue in the short term. Barrel interest remains good, as processors are generally unsuccessful in seeking a few extra loads for current needs as well for storing at low temperatures for use later in the year. Processing solids, particularly white, are tight and prices are firmer. Mozzarella demand remains strong and supplies remain tight. Cream cheese producers are returning prices back to levels similar to late last year. Orders received by cut and wrap operations are steady to slightly stronger, but cutters have line time available. The recent increases in the block prices have not increased far enough to encourage customers to start buying ahead. Some cheddar blocks are entering aging programs, but after last year, more restraint is being used.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3500-1.5000
Brick And/Or Muenster 5#	:	1.4300-1.6975
Cheddar 40# Block	:	1.4300-2.1150
Monterey Jack 10#	:	1.6400-2.1150
Blue 5#	:	1.8425-2.0600
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4500-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0450-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES : FEBRUARY 5 - 9, 2001

BARRELS*	:	\$1.1400 - 1.2100 (NOMINAL)
	:	(\$.0475) (.0700)
40# BLOCKS	:	\$1.1000 - 1.1600 (NOMINAL)
	:	(\$.0100) (.0200)

() Change from previous week. * If steel, barrel returned.

WEST

Cheese prices are somewhat mixed this week, but a firmer undertone is developing. Milk output seems to be slowing down and cheese production is also declining. Total cheese production for the U.S. is below a year ago for both November and December. Total Italian and Swiss output is also less than a year earlier. American cheese production for December is down 3.3% from a year earlier. Output for selected Western states compared to last year is as follows: California +14.5%, Idaho -3.0%, Oregon +0.3%, Utah -5.9%, and Washington +15.4%. Overall cheese sales activity is good. Barrel cheese and processing solids are finding better buying interest than current blocks at this time. Stock levels at most Western production plants are in good shape.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2825-1.5425
Cheddar 40# Block	:	1.2250-1.3650
Cheddar 10# Cuts	:	1.4050-1.6250
Monterey Jack 10#	:	1.4150-1.5750
Grade A Swiss Cuts 6 - 9#	:	2.3000-2.5100

FOREIGN

Prices are steady to slightly lower and the market tone is unchanged. Supplies of most types of cheese are adequate to meet the current slow to fair demand. This week's snowstorm in the Northeast has hampered some delivery schedules.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 1.4475-2.9425*
Gorgonzola	: 3.2400-5.9400	: 1.9975-2.4900*
Parmesan (Italy)	: TFEWR	: 2.8625-2.8875*
Romano (Italy)	: 2.1000-2.5400	: -0-
Provoolone (Italy)	: 3.4400-5.5000	: 1.4550-1.7325*
Romano (Cows Milk)	: -0-	: 2.6375-4.8125*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.3100	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

*= Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
02/05/01	17,218	132,684
02/01/01	17,132	132,725
CHANGE	86	-41
% CHANGE	1	N.C.

Based on the historical relationship of the preliminary U.S. Cold Storage report of December 31 and the selected centers storage report, the expected U.S. holdings as of February 1 are:

Butter	58	million pounds plus or minus 3.24 percent
Cheese	504	million pounds plus or minus 2.27 percent

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	55	0	48	0	37
SOUTHEAST STATES	0	0	0	0	0	0

An early-week snowstorm hit the parts of the Northeast. The urban corridor from Philadelphia north got up to three feet of snow. Transportation schedules and farm pick ups were temporarily disrupted, but warm weather the next day cleared up most of the roads and "things" were back to normal by midweek. The storm came and went so quickly there was little panic retail buying of milk normally associated with a storm like this. (Snowfall predictions were dramatically less than actual measurements.) Milk production is about steady in the Northeast and Middle Atlantic areas and increasing in the Southeast. Some of the more noticeable gains have been reported in the Carolinas. Fluid milk supplies are adequate to ample for bottled milk needs and surplus milk volumes remain lighter than expected in the Northeast. Florida handlers shipped about 55 loads out of state for processing which compares to 48 last week and 37 loads a year ago. About a quarter of this week's shipments went into manufacturing plants. Bottled milk sales are in a range of "not-so-great" to "fairly decent." Most manufacturing plants have ample capacity should it be needed. Surplus milk volumes are running well below expectations throughout the region. There is some concern about running plants at these low levels and how long they can continue to do so. Contacts report missing their projected output levels by wide margins, which reduces plant efficiencies. The condensed skim market is little changed, but Class III prices did move higher following the January milk price announcement. Demand for wet solids is holding up nicely. The fluid cream market is back to a more normal situation. Last Wednesday, a U.S. District Court judge enjoined the USDA from implementing portions of the interim final amendment to Federal milk orders that became effective January 1, 2001. The judge's decision restores the butterfat and protein price formulas that were in effect prior to January 1, 2001. In essence, the confusion surrounding Class III cream sales is on hold and "things" are as they were. This may mean less cream will move into anhydrous production and more into butter production, which could have an impact on the CME butter prices. Demand for fluid cream is fairly steady this week and prices did move higher with the increase in last week's average CME butter price. Ice cream output is seasonal and picking up at a few locations. Bottling continues fairly steady. Cream cheese production is about steady. Churning activity is moderate, often heavier on weekends.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.6236-1.7966
DELIVERED EQUIVALENT ATLANTA	-	1.6369-1.8099 M 1.6635-1.7034
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.7167-1.8099

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.0900-1.1500
NORTHEAST- CLASS III - SPOT PRICES	- .8100-.9600

M I D W E S T

Class I demand is about steady with the latter part of last week. Spotty feature activity is stimulating retail sales in some markets. Some intra-regional movement of milk for Class I was needed to help with local bottler needs. Manufacturing milk demand is still good for the limited supplies. Spot manufacturing milk premiums were reported in the \$1.50 to 2.25 over class area. Some orders are still going unfilled due to lack of supplies. A few scattered reports of attempts by buyers to flat price spot milk supplies at a dollar amount rather than at the class price plus a negotiated premium are starting to appear. On a limited test, Class II skim prices are reported at \$1.1100 - 1.1250. Condensed demand is steady for Class II but Class III is often slower. Shipments into other orders were up slightly with 23 loads of Wisconsin milk

direct shipped to Missouri along with 12 loads to Kentucky and 21 to Tennessee and pooled under other federal orders. Cream demand is mixed with prices generally higher to reflect increases in the average weekly cash butter price at the Chicago Mercantile Exchange. Ice cream production is steady to occasionally higher as some operations try to build extra inventory ahead of the peak summer demand season. Plant milk receipts remain spotty but generally increasing slightly through most of the region. A few operations are still noticing slight declines in weekly receipts. Intakes are more consistently increasing further South in the region. The availability of milk later in the year remains a concern with most plant operators. Some operators are hopeful that recent increases in milk futures prices will persuade some producers from selling their herd. Weather related problems, including freezing rain, slowed travel on Thursday (2/8).

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	FEBRUARY 1 - 7	PREVIOUS YEAR
SLAUGHTER COWS	\$ 41.00- 46.00	\$ 37.00- 42.00
REPLACEMENT HEIFER CALVES	\$250.00-350.00	\$260.00-310.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	FEBRUARY 1 - 7	PREVIOUS YEAR
SLAUGHTER COWS	\$ 39.00- 49.50	\$ 32.50- 45.25

W E S T

The January 4a price (butter/powder) in California is \$11.99, down \$1.15 from December but \$1.32 higher than last year. This compares to the Federal Order Class IV price for January at \$12.13. The January 4b (cheese) is \$9.22, down 17 cents from December and 36 cents lower than last year. This compares to the Federal Order Class III price for January at \$9.99. Milk output in California is mostly steady to slightly higher this week. Warmer and dry conditions were common over much of the state early in the week. Additional culling of cows is being noted because of recent wet weather and related SCC increases. The energy situation continues to hang over the state with stage three alerts still in effect. Most processing plants have not been interrupted for two weeks now. Electric and gas costs remain high and continue to influence processing decisions. Processors' attempts to attach energy surcharges are getting mixed results. Fluid milk sales are fair to good seasonally. Cream demand is rated as fair to good but is not as aggressive as in recent weeks. Multiples were lower on the top end of the range and trade in the 115 to 130 range. The impact of the Federal Order pricing is being assessed. Increases in milk production in New Mexico are being seen. Some of the movement is attributed to better weather that followed less ideal conditions last week. Arizona production is said to be increasing at seasonal levels. Handlers are keeping milk within area for processing. Milk production in the Pacific Northwest ranges from steady to slightly lower due to output declines in production per cow. Temperatures ranging from the 20's to the 60's in just a few days are putting some stress on the milking herd. Moisture remains in short supply with more discussions being heard about concerns related to both power and irrigation water. The late date in the snow season is causing them to hope for 2/3rds of normal at this time and that may be way too optimistic. Quality dairy hay is getting harder to find as some producers begin to deplete their stocks. More concern is centering on corn prices for this next year because of major increases in nitrogen fertilizer prices. Soybean meal prices are reasonable and more contracts are being made. Western cull cattle prices are increasing, but not nearly as fast as those in other parts of the country. Culling rates remain light. Cream demand is expected to improve in part because of the court ruling last week relating to prices used in Federal Order class price calculations. The milk flow in the northern mountain region is not at expected levels at many locations. Some of this is due to lower production per cow and the rest is due to herds going out of business. Heifer prices in the region remain very strong with prices at recent sales continuing to increase. Hay trading at this time of year is very slow, but stocks continue to tighten and prices are firming.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 02/08/01 and represent FOB Central and Western production areas. Prices represent CL/TL quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged to lower and the market tone is steady to weak. Adjustments in the price support and increased competition from the West coast are encouraging lower prices at some plants. Milk and NDM production is generally unchanged, yet at some plants, stocks are building. Demand is best on Grade A supplies and product moving East with some plants unable to satisfy spot interest. High heat demand is good on light production schedules. Production of human food, nonfat dry milk during December 2000 totaled 119.0 million pounds, down 5.6% from December 1999 but 20.3% above November 2000. Month ending stocks, at 119.0 million pounds, are 3.1% above a year ago and 8.3% higher than a month ago.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0025 - 1.0600 MOSTLY: 1.0225 - 1.0275

DRY BUTTERMILK - CENTRAL

Prices are unchanged to higher on a mixed market. Supplies of buttermilk powder are varying from week to week. Demand is slow with many buyers continuing to speculate when more product will be available, increasing market weakness. Buyers are also surprised by the current price gap between NDM and buttermilk. Most trading is occurring between .9800 - 1.0000 FOB. Dry buttermilk production during December 2000 totaled 4.7 million pounds, down 0.5% from December 1999 but 36.9% higher than November 2000. Month ending stocks, at 3.6 million pounds, are 53.0% below last year but 13.1% higher than last month.

BUTTERMILK: .9600 - 1.0700

DRY WHEY - CENTRAL

Prices are unchanged to lower on a weak market. Supplies are mixed. Some plants are reporting tight supplies and no product to offer while others are building stocks and offering lower. Some feed facilities are diverting contracted loads. Permeate and lactose are competitive substitutes into some feed operations. Resale product is available at slight discounts. Trading is light as buyers anticipate further market declines, especially with lower prices in the EU. Production of human food, dry whey during December 2000 totaled 87.1 million pounds, 7.7% less than December 1999 but 8.4% above November 2000. Month ending stocks, at 36.3 million pounds, are 23.1% below a year ago but 1.8% higher than November 2000.

NONHYGROSCOPIC: .2500 - .2850 MOSTLY: .2500 - .2750

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to lower. Milk replacer is clearing at lower prices at some plants in response to supply increases in both Extra Grade and milk replacer markets. Roller ground demand is generally good with no price resistance noted. Delactose movement is steady on contractual arrangements. Spot shipments are light. Some EU product is being imported as a competitive substitute into some feed facilities. Veal markets are trending firm while hog prices are steady to lower. Production of animal feed, dry whey during December 2000 totaled 8.4 million pounds, 27.8% more than December 1999 and 11.5% above November 2000. Month ending stocks, at 6.9 million pounds, are 2.0% above a year ago but 10.3% lower than November 2000.

MILK REPLACER: .1850 - .2600
ROLLER GROUND: .2550 - .2800
DELACTOSE (Min. 20% protein): .4150 - .4300

LACTOSE - CENTRAL AND WEST

Prices are unchanged and the market tone is steady to firm. Export demand remains a strong from Asia, Oceania and the EU. Domestically, trade is fair with offers at the average to 1 cent higher. Most producer stocks are in balance to instances tight. Off grade product is available and often trading within the range. Production during December 2000 totaled 43.7 million pounds, up 2.8% from December 1999 and 4.5% higher than November 2000. Month ending stocks, at 31.2 million pounds, are 59.3% higher than a year ago and 11.8% more than last month. Production totals for selected regions with changes from 1999 include: East North Central, 8.3 million pounds, -14.0%; West North Central, 14.4 million pounds, -7.4%; and West, 20.4 million pounds, +27.6%.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1550 - .2150 MOSTLY: .1625 - .1725

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are higher on a firm market. While manufacturer and resale premiums are lower, prices continue to edge higher. Supplies are very tight with some buyers willing to take off grade product as a substitute for their regular loads. Imported high protein product from the EU, India and Australia is offering some price relief to feed facilities. Demand of 34% into food operations is strong with buyers unaffected by price increases. Isolate and 80% WPC supplies are in better balance than in previous weeks. Production of human food WPC during December 2000 totaled 27.9 million pounds, down 5.7% from December 1999 but 14.0% higher than November 2000. Manufacturers' end-of-month stocks totaled 9.8 million pounds, 43.3% lower than a year ago and 7.7% below last month. Production totals for selected states with changes from 1999 include: California, 8.2 million pounds, +4.4%; Minnesota, 4.6 million pounds, -11.1%; and Wisconsin, 4.2 million pounds, -9.6%.

EXTRA GRADE 34% PROTEIN: .7800 - .8075 MOSTLY: .7800 - .7900

NONFAT DRY MILK - WEST

Low/medium heat prices are lower at the top of the range, but mixed within the range. The effect of the lower support price, now at \$1.0032, is tending to move the reported prices lower also. Demand is fair for current moderate to heavy production. Medium heat orders are taking place at the top end of the range. Processing continues to be affected by power costs. While electrical disruptions were not reported, high operating costs remain. Processors want to avoid drying, but options are mainly filled. High heat prices are lower in a light market test. Demand is seasonally light. Production is mixed with a tendency to make other products first. For the week of January 29 - February 2, CCC net purchases totaled 12.2 million pounds of nonfortified and 0.9 million pounds of fortified NDM, all from the West except for 257,915 pounds of nonfortified from the Midwest. U.S. NDM production in December totaled 119.0 million pounds, down 5.6% from last year but up 20.3% from November. Unadjusted, cumulative U.S. NDM production for 2000 is 6.0% higher than the same period in 1999. December production in California totaled 58.6 million pounds, down 8.9% from last year, and Washington output totaled 15.2 million pounds, up 0.1% from a year ago. U.S. stocks at the end of December were reported at 119.0 million pounds, up 3.1% from last year and 8.3% higher than last month.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9950 - 1.0250 MOSTLY: 1.0025 - 1.0175

HIGH HEAT: 1.0300 - 1.0800

DRY BUTTERMILK - WEST

Dry buttermilk prices are unchanged, but the market tone is more unsettled. Production levels are beginning to increase where churning activity is building. Demand is noted to be lower. More offerings are appearing in the West and other regions. Stocks are building slightly. U.S. dry buttermilk production in December totaled 4.7 million pounds, down 0.5% from last year but 36.9% higher than November. Stocks at the end of December were reported at 3.6 million pounds, down 53.0% from a year earlier but 13.1% above November.

BUTTERMILK: .9700 - 1.0300 MOSTLY: .9800 - .9900

DRY WHEY - WEST

Western whey powder prices range from steady to slightly lower. Some sellers are lowering prices to keep powder moving well enough to maintain inventories at good working levels. Powder in the Central region is becoming much more competitive with blocks of powder being offered at attractive prices. Some export sales continue to lag because of end of the year timing issues. Whey powder production in the Western region for December was 5.1% below a year ago. Total whey production for the year is 1.20 billion pounds, up 3.0% from 1999.

NONHYGROSCOPIC: .2200 - .2600 MOSTLY: .2300 - .2400

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
February 2	\$1.0114	13,145,154
January 26	\$1.0095	16,334,763

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities for domestic and export sales in 25 kg. or 50 lb. bags, and totes, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are unchanged and remain nominal in the Northeast. The market tone is a little more settled after a month under the "new pricing system" employed by the major marketing agency in the U.S. Production levels are light in the East as surplus milk volumes are tighter than expected and sales of condensed skim remain good. Most Eastern dryers have plenty of capacity should it be needed. Producer stocks are light and there is some concern that for much of the year, Eastern needs will have to be supplemented with Western powder. Demand is fair. Production of human food, nonfat dry milk during December 2000 totaled 119.0 million pounds, down 5.6% from December 1999 but 20.3% above November 2000. Month ending stocks, at 119.0 million pounds, are 3.1% above a year ago and 8.3% more than a month ago.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0325 - 1.0850 MOSTLY: 1.0350 - 1.0600

HIGH HEAT: 1.0625 - 1.1300 MOSTLY: 1.0675 - 1.1000

DELVD SOUTHEAST:

ALL HEATS: 1.0550 - 1.1500

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are steady. Production has increased slightly as churning picks up in the region. Fluid cream availability is increasing which gives rise to more churning. Producer stocks are closely balanced and there are reports of more offerings from resellers. Demand is fair. Dry buttermilk production during December 2000 totaled 4.7 million pounds, down 0.5% from December 1999 but 36.9% more than November 2000. Month ending stocks, at 3.6 million pounds, are 53.0% less than last December but 13.1% more than a month ago.

F.O.B. NORTHEAST: .9800 - 1.0000

DELVD SOUTHEAST: 1.0100 - 1.1000

DRY WHOLE MILK - NATIONAL

Prices are unchanged, but higher and lower within the range. The market tone is steady. Production levels are light to moderate and generally geared to meeting contracts. Reports continue to circulate about imported whole milk powder being offered well under current domestic prices. Demand is slow and some attractively priced product remains unsold. Dry whole milk production during December 2000 totaled 6.5 million pounds, down 28.4% from December 1999 but 7.2% above November 2000. Month ending stocks, at 3.8 million pounds, are 34.7% below a year ago and 8.0% less than last month.

F.O.B. PRODUCING PLANT: 1.2000 - 1.4400

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2000 THROUGH FEBRUARY 2, 2001
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 32,478 MT (71,600,998 LBS)
CHANGE -- 2,515 MT (5,544,569 LBS)

CHEESE -- 3,030 MT (6,679,938 LBS)

This program-year's allocation is filled.

Allocations for the DEIP year beginning July 1, 2000: Nonfat dry milk - 68,201 MT; Cheese - 3,030 MT; Butterfat - 21,097 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to occasionally higher and nominal in the Northeast. The market tone appears to be losing some of the "edge" it has had for the past few months. Spot sales are limited by the fact that most Eastern producers have little on hand for spot sale and output is lagging at most plants. Surplus milk supplies are having an impact on cheese and whey production in the Northeast. Occasionally, an extra load or two "pops up" and clears easily. Traders report growing price resistance. Production of human food, dry whey during December 2000 totaled 87.1 million pounds, 7.7% less than December 1999 but 8.4% above November 2000. Month ending stocks, at 36.3 million pounds, are 23.1% below last year but 1.8% more than a month ago. Production of animal feed, dry whey during December totaled 8.4 million pounds, 27.8% more than a year ago and 11.5% more than November 2000.

F.O.B. NORTHEAST: EXTRA GRADE .2700 - .2825

USPH GRADE A .2725 - .2850

DELVD SOUTHEAST: .3000 - .3200

EVAPORATED MILK - NATIONAL

Prices and the market tone are steady. Production levels are unchanged. In the East, surplus milk volumes are tighter than desired and Western plants are still plagued with energy/electrical problems. Demand is slow to fair and mostly for replacement needs. Plant stocks are being replenished. Canned evaporated milk production during December 2000 totaled 44.1 million pounds, 10.7% more than December 1999 but 4.2% less than November 2000. Month ending stocks, at 41.9 million pounds, are 18.6% more than a year ago and 28.4% above last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$20.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets remain firm at unchanged prices. For the most part, contracted volumes are being delivered, although delivery times are often not as previously scheduled. Domestic buyers indicate that if they need additional or spot loads, they are having difficulty in locating a supply. Most regular sources do not have additional volumes available at this time. Reports indicate that stocks out of the Oceania region are just sufficient to meet contracted volumes with European supplies equally limited.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.3000 - 2.5000

ACID: 2.4500 - 2.6000

JANUARY 1 MILK COW INVENTORY SUMMARY

The number of milk cows in the United States as of January 1, 2001, totaled 9.20 million head, up slightly from 2000 and 1 percent above 1999.

Milk cow replacement heifers totaled 4.05 million head, up 1 percent from 2000 but slightly down from 1999.

On January 1, 2001, the number of milk cow replacements per 100 milk cows was 44.0, up from 43.5 on January 1, 2000, but down from 44.6 on January 1, 1999.

MILK COW INVENTORY: Number by Class, January 1, 2000-2001

State	Milk Cows that Have Calved		Milk Cow Replacement		State	Milk Cows that Have Calved		Milk Cow Replacement	
	2000	2001	2000	2001		2000	2001	2000	2001
	1,000 Head					1,000 Head			
AL	27	23	10	9	NE	76	80	30	30
AK	0.9	1.1	0.4	0.4	NV	25	25	9	12
AZ	135	140	26	31	NH	19	18	10	8
AR	42	41	15	15	NJ	16	16	5	6
CA	1,490	1,560	720	750	NM	236	261	55	50
CO	85	90	45	45	NY	700	670	305	295
CT	28	26	12	11.5	NC	72	69	29	30
DE	10	9	2.5	3.5	ND	50	48	15	14
FL	156	155	40	40	OH	258	265	110	115
GA	90	86	35	31	OK	92	90	30	20
HI	9	7	4	3	OR	90	90	50	60
ID	332	354	160	160	PA	619	610	285	280
IL	120	118	60	60	RI	1.9	1.8	0.8	0.9
IN	138	151	60	62	SC	23	22	11	10
IA	215	215	110	115	SD	102	101	40	30
KS	88	96	50	70	TN	96	95	45	45
KY	130	130	45	40	TX	350	345	90	100
LA	61	57	13	12	UT	95	95	46	46
ME	41	39	18	19.5	VT	159	158	60	62
MD	86	82	33	34	VA	119	119	60	57
MA	25	23	10	9	WA	246	244	99	104
MI	300	300	125	130	WV	18	17	5	5
MN	540	520	290	290	WI	1,360	1,330	630	635
MS	36	36	15	15	WY	6	5	1	1
MO	158	150	70	65					
MT	18	19	10	10	U.S.	9,190	9,203	4,000	4,047

SOURCE: "Cattle," Mt An 2-1 (1-01), USDA, Agricultural Statistics Board, National Agricultural Statistics Service.

DECEMBER 2000 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 115.9 million pounds in December, 3.3 percent below December 1999 but 10.2 percent above November 2000. **AMERICAN TYPE CHEESE** production totaled 299.4 million pounds, 3.3 percent below December 1999 but 5.5 percent above November 2000. **TOTAL CHEESE** output (excluding cottage cheese) was 690.0 million pounds, 2.2 percent below December 1999 but 2.7 percent above November 2000. **NONFAT DRY MILK** production, for human food, totaled 119.0 million pounds, 5.6 percent below December 1999 but 20.3 percent above November 2000. **DRY WHEY** production, for human food, was 37.1 million pounds, 7.7 percent below December 1999 but 8.4 percent above November 2000. **ICE CREAM** (hard) production totaled 53.8 million gallons, 5.7 percent below December 1999 and 8.0 percent below November 2000.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	DEC 2000	PERCENT CHANGE FROM:			PRODUCT	DEC 2000	PERCENT CHANGE FROM:		
	1,000 LBS.	DEC 1999	NOV 2000	YEAR TO DATE 1/		1,000 LBS.	DEC 1999	NOV 2000	YEAR TO DATE 1/
BUTTER	115,854	-3.3	10.2	2.3	YOGURT (PLAIN AND FLAVORED)	138,334	-6.8	4.4	---
CHEESE					CONDENSED WHEY, SOLIDS CONTENT <u>6/</u>				
AMERICAN TYPES <u>2/</u>	299,359	-3.3	5.5	2.8	SWEET -TYPE, HUMAN FOOD	6,111	-38.2	-6.1	---
CHEDDAR	232,418	-3.6	7.0	2.4	SWEET -TYPE, ANIMAL FEED	1,155	4.6	1.3	---
SWISS	17,845	-5.6	-0.3	---	DRY WHEY PRODUCTS				
BRICK & MUENSTER	7,619	0.1	-0.1	---	DRY WHEY, HUMAN FOOD	87,112	-7.7	8.4	---
CREAM & NEUFCHATEL	56,987	-6.8	-21.1	---	DRY WHEY, ANIMAL FEED	8,427	27.8	11.5	---
HISPANIC	7,687	8.0	-2.2	C	REDUCED LACTOSE AND MINERALS				
MOZZARELLA	231,664	2.2	9.3	4.8	HUMAN FOOD	7,118	-3.7	38.1	---
OTHER ITALIAN TYPES	52,999	-10.4	-0.8	4.9	ANIMAL FEED	2,980	-5.3	0.5	---
TOTAL ITALIAN TYPES	284,663	-0.4	7.3	4.8	LACTOSE, HUMAN FOOD & ANIMAL FEED	43,720	2.8	4.5	---
ALL OTHER TYPES	15,822	2.1	-7.3	---	WHEY PROTEIN CONCENTRATE				
TOTAL	689,982	-2.2	2.7	4.0	HUMAN FOOD	27,927	-5.7	14.0	---
COTTAGE CHEESE, CURD <u>3/</u>	33,588	-4.2	-15.5	---	ANIMAL FEED	4,088	6.9	1.8	---
COTTAGE CHEESE, CREAM <u>4/</u>	28,126	3.4	-5.3	0.1					
COTTAGE CHEESE, LOWFAT <u>5/</u>	26,117	-1.5	-7.9	-0.2					
CANNED EVAPORATED & CONDENSED					FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
WHOLE MILK	44,077	10.7	-4.2	---	ICE CREAM (HARD)	53,810	-5.7	-8.0	0.4
DRY WHOLE MILK	6,513	-28.4	7.2	---	ICE CREAM, LOWFAT (HARD)	6,049	-5.6	-7.5	---
NONFAT DRY MILK, HUMAN FOOD	119,013	-5.6	20.3	6.0	ICE CREAM, LOWFAT (SOFT)	16,614	-9.4	-12.2	---
DRY SKIM MILK, ANIMAL FEED	512	18.2	53.3	---	ICE CREAM, LOWFAT (TOTAL)	22,663	-8.4	-11.0	-2.4
DRY BUTTERMILK	4,668	-0.5	36.9		SHERBET (HARD)	3,151	5.1	-0.1	-2.1
					YOGURT (TOTAL)	5,833	2.9	-4.2	-5.9

MANUFACTURERS' STOCKS, END OF MONTH <u>7/</u>							
PRODUCT	DEC 2000	PERCENT OF:		PRODUCT	DEC 2000	PERCENT OF:	
	1,000 LBS.	DEC 1999	NOV 2000		1,000 LBS.	DEC 1999	NOV 2000
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	36,281	-23.1	1.8	HUMAN FOOD	9,754	-43.3	-7.7
DRY WHEY, ANIMAL FEED	6,877	2.0	-10.3	ANIMAL FEED	1,031	36.6	-44.1
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL <u>8/</u>	7,033	-31.5	6.8	CANNED EVAPORATED & CONDENSED WHOLE MILK	41,862	18.6	28.4
LACTOSE, HUMAN FOOD & ANIMAL FEED	31,179	59.3	11.8	DRY WHOLE MILK	3,753	-34.7	-8.0
DRY BUTTERMILK, TOTAL	3,586	-53.0	13.1	NONFAT DRY MILK FOR HUMAN FOOD	119,028	3.1	8.3
				DRY SKIM MILK FOR ANIMAL FEED	569	-52.5	30.2

1/ 2000 cumulative as percent change of 1999 cumulative. 2/ Whole milk cheese, including Cheddar, colby, monterey and jack. 3/ Mostly used for processing into creamed or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 7/ Stocks held by manufacturers at all points and in transit. 8/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

SOURCE: "Dairy Products," Da 2-6 (2-01), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, JANUARY

Component Price Information: Under the Federal milk order pricing system, the butterfat price for January 2000 is \$1.2896 per pound. Thus, the Class II butterfat price is \$1.2966. The protein and other solids prices for January are \$1.6181 and \$0.1120 per pound, respectively. These component prices set the Class III skim milk price at \$5.68 per cwt. The January Class IV skim milk price is \$7.89 which is derived from the nonfat solids price of \$0.8765 per pound. **Product Price Averages:** The product price averages for January are; butter \$1.1725, nonfat dry milk \$1.0165, cheese \$1.1180, and dry whey \$0.2484.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT <u>1/</u> <u>2/</u>						
FEDERAL MILK ORDER MARKETING AREAS <u>3/</u>	ORDER NUMBER	JANUARY 2001				FEBRUARY 2001
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) <u>4/</u>	001	17.24	12.82	9.99	12.13	15.19
Appalachian (Charlotte) <u>5/</u>	005	17.09	12.82	9.99	12.13	15.04
Southeast (Atlanta) <u>6/</u>	007	17.09	12.82	9.99	12.13	15.04
Florida (Tampa) <u>7/</u>	006	17.99	12.82	9.99	12.13	15.94
Midwest (Cleveland) <u>8/</u>	033	15.99	12.82	9.99	12.13	13.94
Upper Midwest (Chicago) <u>9/</u>	030	15.79	12.82	9.99	12.13	13.74
Central (Kansas City) <u>10/</u>	032	15.99	12.82	9.99	12.13	13.94
Southwest (Dallas) <u>11/</u>	126	16.99	12.82	9.99	12.13	14.94
Arizona-Las Vegas (Phoenix) <u>12/</u>	131	16.34	12.82	9.99	12.13	14.29
Western (Salt Lake City) <u>13/</u>	135	15.89	12.82	9.99	12.13	13.84
Pacific Northwest (Seattle) <u>14/</u>	124	15.89	12.82	9.99	12.13	13.84
All-Market Average	---	16.57	12.82	9.99	12.13	14.52

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.

2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

3/ Names in parentheses are principal pricing points of markets.

4/ Class I prices at other points are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

5/ Class I prices at other points are: Knoxville, minus \$0.30 and Louisville, minus \$0.90.

6/ Class I prices at other points are: New Orleans, plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90.

7/ Class I prices at other points are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30.

8/ Class I prices at other points are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

9/ Class I prices at other points are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

10/ Class I prices at other points are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

11/ Class I prices at other points are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

12/ Class I price at Las Vegas is minus \$0.35.

13/ Class I price at Boise is minus \$0.30.

14/ Class I prices at other points are: Portland, same; and Spokane, same.

ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, FEBRUARY 2001, WITH COMPARISONS 1/												
CITY	FEB 1999			FEB 2000			JAN 2001			FEB 2001		
	Coop.	Federal Order	Differ-ence	Coop.	Federal Order	Differ-ence	Coop.	Federal Order	Differ-ence	Coop.	Federal Order	Differ-ence
	Dollars Per Hundredweight											
Atlanta, GA	21.57	20.42	1.15	15.56	13.81	1.75	18.17	17.09	1.08	16.37	15.04	1.33
Baltimore, MD	21.12	20.37	0.75	15.16	13.71	1.45	18.74	16.99	1.75	16.69	14.94	1.75
Boston, MA **	21.06	20.58	0.48	14.44	13.96	0.48	17.72	17.24	0.48	15.67	15.19	0.48
Carbondale, IL	20.71	19.35	1.36	14.62	12.91	1.71	17.90	16.19	1.71	15.85	14.14	1.71
Charlotte, NC	21.57	20.42	1.15	15.56	13.81	1.75	18.17	17.09	1.08	16.37	15.04	1.33
Chicago, IL	20.67	18.74	1.93	14.24	12.51	1.73	17.74*	15.79	1.95*	15.24	13.74	1.50
Cincinnati, OH	21.20	19.45	1.75	14.56	12.91	1.65	17.97	16.19	1.78	15.92	14.14	1.78
Cleveland, OH	20.84	19.34	1.50	14.21	12.71	1.50	17.77	15.99	1.78	15.72	13.94	1.78
Dallas, TX	20.75	20.50	0.25	15.01	13.71	1.30	16.99	16.99	0.00	15.74	14.94	0.80
Denver, CO	20.32	20.07	0.25	13.81	13.26	0.55	17.24	16.54	0.70	15.19	14.49	0.70
Des Moines, IA	19.74	18.89	0.85	13.81	12.51	1.30	16.85	15.79	1.06	14.95	13.74	1.21
Detroit, MI	20.19	19.19	1.00	13.76	12.51	1.25	16.79	15.79	1.00	14.99	13.74	1.25
Hartford, CT **	20.96	20.48	0.48	14.34	13.86	0.48	17.62	17.14	0.48	15.57	15.09	0.48
Houston, TX	21.29	21.04	0.25	15.61	14.31	1.30	17.59	17.59	0.00	16.34	15.54	0.80
Indianapolis, IN	20.79	19.24	1.55	14.36	12.71	1.65	17.77	15.99	1.78	15.72	13.94	1.78
Kansas City, MO	20.01	19.26	0.75	14.36	12.71	1.65	16.95	15.99	0.96	15.15	13.94	1.21
Louisville, KY	20.55	19.45	1.10	14.31	12.91	1.40	17.19	16.19	1.00	15.39	14.14	1.25
Memphis, TN	20.91	20.11	0.80	15.01	13.51	1.50	17.47	16.79	0.68	15.82	14.74	1.08
Miami, FL	23.89	21.52	2.37	18.06	15.01	3.05	20.68	18.29	2.39	18.88	16.24	2.64
Milwaukee, WI	20.58	18.65	1.93	14.19	12.46	1.73	17.84	15.74	2.10	15.34	13.69	1.65
Minneapolis, MN	19.37	18.54	0.83	13.50	12.41	1.09	17.05	15.69	1.36	14.70	13.64	1.06
New Orleans, LA	21.44	20.99	0.45	15.71	14.31	1.40	18.32	17.59	0.73	16.52	15.54	0.98
Oklahoma City, OK	20.86	20.11	0.75	14.71	13.31	1.40	17.39	16.59	0.80	15.59	14.54	1.05
Omaha, NE	19.84	19.09	0.75	13.81	12.56	1.25	16.90	15.84	1.06	15.00	13.79	1.21
Philadelphia, PA	21.15	20.43	0.72	15.18	13.76	1.42	18.91	17.04	1.87	16.86	14.99	1.87
Phoenix, AZ	19.86	19.86	0.00	13.71	13.06	0.65	16.49	16.34	0.15	14.44	14.29	0.15
Pittsburgh, PA	19.84	19.34	0.50	14.01	12.81	1.20	18.29	16.09	2.20	16.24	14.04	2.20
St. Louis, MO	20.71	19.35	1.36	14.42	12.71	1.71	17.70	15.99	1.71	15.65	13.94	1.71
Salt Lake City, UT	19.49	19.24	0.25	12.86	12.61	0.25	16.14	15.89	0.25	14.09	13.84	0.25
Seattle, WA	19.62	19.24	0.38	14.74	12.61	2.13	16.31*	15.89	0.42*	14.51	13.84	0.67
Spokane, WA	19.62	19.24	0.38	14.74	12.61	2.13	16.31*	15.89	0.42*	14.51	13.84	0.67
Springfield, MO	20.28	19.53	0.75	14.46	12.91	1.55	16.99	16.19	0.80	15.19	14.14	1.05
Washington, DC	21.12	20.37	0.75	15.16	13.71	1.45	18.74	16.99	1.75	16.69	14.94	1.75
Simple Average	20.66	19.77	0.89	14.61	13.19	1.42	17.60	16.47	1.13	15.66	14.42	1.24

*Revised.

**NOTE: The Northeast Dairy Compact has established a Class I price level of \$16.94. The Compact obligation is \$16.94 less the Federal order Class I price shown for Boston. The effective Class I price level is the Federal order price at location plus the Compact obligation plus the figure shown under the column labeled "Difference". When the Federal order Class I price shown for Boston is higher than the Compact Class I price, the Compact price is not effective.

1/ Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers.

**MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS AND CALIFORNIA,
SEPTEMBER 2000, WITH COMPARISONS**

In September 2000, mailbox milk prices reported for selected Federal milk orders averaged \$12.68 per cwt., \$0.37 more than the figure for the previous month. Compared to September 1999, mailbox milk prices decreased \$2.81 per cwt. on the average.

Editor's Note: The release of mailbox prices for sub-order areas is scheduled for October 2000 data.

Federal milk order <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	September 1999	August 2000	September 2000
	<u>Dollars per hundredweight</u>		
Northeast <u>3/</u>	15.26	12.71	12.91
Mideast	15.29	12.25	12.51
Appalachian	15.83	14.10	14.17
Southeast	15.38	13.21	13.26
Florida	17.94	16.25	16.55
Southeastern Average <u>4/</u>	16.05	14.10	14.15
Upper Midwest	16.20	11.76	12.43
Central	15.25	11.56	12.18
Southwest	15.33	12.03	12.20
Western	14.62	10.69*	11.34
Pacific Northwest	14.13	11.85	12.17
Mountain Average <u>4/</u>	14.27	11.47	11.90
All-Market Average <u>4/</u>	15.49	12.31	12.68
California <u>5/</u>	14.41	11.93	12.30

1/ Federal milk orders for which information could be released. Previous year figures are the weighted average of the prices for the orders that were consolidated. 2/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the market and is reported at the market average butterfat test. 3/ Includes the value of Northeast Dairy Compact over-order payments received by qualified producers. These over-order producer prices were: September 1999, \$0.21; August 2000, \$0.91; September 2000, \$0.76. 4/ Weighted average of the information for the orders listed in the region or for all selected orders combined. 5/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

*Revised. The information for January-July also has been revised as follows:

Federal milk order	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>
Western	10.65	10.64	10.27	10.11	10.11	10.23	10.72
Mountain Average	11.03	10.99	10.91	-----	11.00	11.12	11.46
All-Market Average	-----	-----	11.71	-----	-----	12.02	12.38

FEBRUARY MILK SUPPLY AND DEMAND ESTIMATES*

Milk production projections for 2000/01 are lowered this month as the *Cattle* report indicates that dairy cow numbers on January 1, 2001, were lower than expected. Recent data also showed lower than expected milk output per cow in December. Slower growth in milk production, coupled with a change in the Class III price calculation, results in a 15-cent increase in the forecast Class III price. The Class IV price is raised 15 cents to \$11.90 to \$12.60 per cwt. The all milk price is raised 20 cents per cwt.

Item	1998/99 1/	1999/00 Projection 1/		2000/01 Projection 1/	
		January	February	January	February
SUPPLY		BILLION POUNDS			
BEGINNING COMMERCIAL STOCKS 2/	5.8	7.4	7.4	8.6	8.6
PRODUCTION	161.2	167.5	167.5	169.3	168.4
FARM USE	1.4	1.3	1.3	1.3	1.3
MARKETINGS	159.8	166.2	166.1	168.0	167.1
IMPORTS 2/	4.8	4.6	4.6	4.3	4.3
TOTAL COMMERCIAL SUPPLY 2/	170.5	178.2	178.2	180.9	180.0
USE					
COMMERCIAL USE 2/ 3/	162.8	168.8	168.8	172.9	171.9
ENDING COMMERCIAL STOCKS 2/	7.4	8.6	8.6	7.3	7.5
CCC NET REMOVALS:					
MILKFAT BASIS 4/	0.3	0.8	0.8	0.7	0.5
SKIM SOLIDS BASIS 4/	5.4	8.5	8.5	7.3	6.9
		DOLLARS PER CWT.			
MILK PRICES 5/					
BASIC FORMULA/CLASS III PRICE 6/	14.04	9.99	9.99	9.50-10.00	9.65-10.15
CLASS IV 7/	NA	11.51	11.51	11.75-12.45	11.90-12.60
ALL MILK 8/	15.38	12.62	12.62	12.25-12.75	12.45-12.95
		MILLION POUNDS			
CCC PRODUCT NET REMOVALS 4/					
BUTTER	1	11	11	12	5
CHEESE	6	17	17	30	30
NONFAT DRY MILK	449	690	690	600	565
DRY WHOLE MILK	12	34	34	3	3
MILK PRODUCTION	QUARTERLY 9/			ANNUAL 9/	
	2001 I	2001 II	2001 III	2000	2001
	BILLION POUNDS				
	42.7	43.6	41.2	168.0	168.5
	DOLLARS PER CWT.				
ALL MILK PRICE 5/ 8/	12.95-13.25	11.95-12.55	12.20-13.10	12.34	12.60-13.30
CLASS III PRICE 5/ 6/	9.80-10.10	9.60-10.20	10.00-10.90	9.74	10.10-10.80
CLASS IV PRICE 5/ 7/	11.95-12.25	11.65-12.25	11.85-12.75	11.83	11.90-12.60

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Basic Formula Price (BFP) through December 31, 1999; Federal milk order Class III price beginning January 1, 2000. 7/ Federal milk order

Class IV price. 8/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 9/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Authur Coffing, FAS; James Miller, ERS; and Daniel Colacicco, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-371, World Agricultural Outlook Board, USDA, February 8, 2001.

CCC PURCHASES OF DAIRY PRODUCTS

FOR THE WEEK OF FEBRUARY 5 - 9, 2001				CUMULATIVE TOTALS				UNCOMMITTED INVENTORIES#			
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD				
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/00	LAST YEAR	02/02/01	LAST YEAR				
BUTTER											
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE											
Block	-0-	-0-	-0-	3,050,083	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	150,190	-0-	150,190	4,025,276	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	39,600	-0-	39,600	3,762,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	189,790	-0-	189,790	10,837,359	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Nonfort	9,936,033	362,092	9,573,941	166,618,827	104,979,749	397,844,000	-0-	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	26,867,069	5,077,653	37,339,000	-0-	-0-	-0-	-0-	-0-
9,936,033	362,092	9,573,941	193,485,896	110,057,402	435,183,000	-0-	-0-	-0-	-0-	-0-	-0-

#Although an uncommitted inventory of NDM has continued to exist for some time, it has not been reported due to CCC's efforts to utilize all NDM purchased under price support.

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	BASIS	SOLIDS		BASIS	SOLIDS
WEEK OF FEBRUARY 5 - 9, 2001 =	3.9	113.3	COMPARABLE WEEK IN 2000 =	2.2	118.5
CUMULATIVE SINCE OCTOBER 1, 2000 =	142.6	2,359.5	CUMULATIVE SAME PERIOD LAST YEAR =	24.2	1,281.1
CUMULATIVE JANUARY 1 - FEBRUARY 9, 2001 =	26.1	876.9	COMPARABLE CALENDAR YEAR 2000 =	13.0	687.9

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF FEBRUARY 5 - 9, 2001 (POUNDS)

REGION	BULK	BUTTER PACKAGED	UNSALTED	BLOCK	CHEESE BARREL	PROCESS	NONFAT DRY MILK NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	3,600	-0-	-0-
WEST	-0-	-0-	-0-	-0-	150,190	-0-	9,402,018	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/00 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER	CHEESE	NONFAT DRY MILK	MILK EQUIVALENT
	2000/01	1999/00	2000/01	1999/00
MIDWEST	-0-	-0-	2,589,324	6,948,988
WEST	-0-	-0-	190,896,572	103,020,230
EAST	-0-	-0-	-0-	88,184
TOTAL	-0-	-0-	193,485,896	110,057,402

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 16, 2001

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

DOLLARS PER POUND

BUTTER: Bulk \$.6549; 1# Prints \$.6849

CHEESE: 40 & 60# Blocks \$1.1314; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process American 2# \$1.2239

NONFAT DRY MILK: Nonfortified \$1.0032; Fortified \$1.0132; Instant \$1.1607

Dairy & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 01/20/01 & Comparable Week 2000

Regions*	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL	% DAIRY OF ALL
											WEEK : SINCE JAN 1	WEEK : SINCE JAN 1
2001-Dairy cows HD (000)	0.2	0.6	6.9	5.6	22.8	2.8	2.1	1.0	12.4	3.2	57.7	49.2
2000-Dairy cows HD (000)	0.2	0.8	6.2	5.0	20.5	3.1	0.8	1.1	11.5	3.6	52.9	47.6
2001-All cows HD (000)	0.2	0.8	9.4	16.2	32.5	13.6	18.5	5.5	14.2	6.5	117.2	48.9
2000-All cows HD (000)	0.2	1.0	8.7	14.4	28.6	16.1	15.4	5.6	13.7	7.3	111.1	342.3

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

BASIC FORMULA PRICE (BFP), (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63

FEDERAL MILK ORDER CLASS PRICES FOR 2000-2001 (3.5% BF)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN 2001	FEB 2001
Class I 1/	10.90	10.71	10.84	10.93	11.48	11.70	12.46	11.95	11.84	11.89	11.82	12.13	13.99	11.94
Class II	11.43	11.51	11.71	12.10	12.63	13.08	12.58	12.56	12.58	12.54	13.68	13.97	12.82	
Class III	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37	9.99	
Class IV	10.73	10.80	11.00	11.38	11.91	12.38	11.87	11.87	11.94	11.81	13.00	13.27	12.13	

1/ Specific order differentials to be added to this base price are located at: www.ams.usda.gov/dairy/mib/class_prod_milk_comp_pr.htm